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CONFERENCE ON TRADE AND DEVELOPMENT

REPORT OF THE TRADE AND DEVELOPMENT BOARD ON THE FIRST PART OF ITS FORTY-SECOND SESSION

held at the Palais des Nations, Geneva,
from 11 to 20 September 1995

Volume I

Report to the United Nations General Assembly

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INTRODUCTION

The first part of the forty-second session of the Trade and Development Board was held at the Palais des Nations, Geneva, from 11 to 20 September 1995. In the course of the session, the Board held seven plenary meetings - the 862nd to 868th meetings.

This report to the United Nations General Assembly has been prepared by the Rapporteur under the authority of the President of the Board, in accordance with the guidelines adopted by the Board in the annex to its decision 302 (XXIX) of 21 September 1984. The report records, as appropriate, the action by the Board on the substantive items of its agenda (section I), the statements of position made in connection with specific action by the Board (section II), and the procedural, institutional, organizational and administrative matters (section III).

In connection with the action reported in section I, attention is drawn to paragraph 56 of the Cartagena Commitment, which reads as follows:

> "The outcome of deliberative processes in the Trade and Development Board and its subsidiary bodies need not take the form of resolutions. Greater use should be made of agreed conclusions, assessments or summings-up by presiding officers, particularly when the issues are new or difficult ones, requiring further exploration and the building of common perceptions."

Volume II of the report of the Board on the first part of its forty-second session - to be issued subsequently in TD/B/42(1)/19 (Vol.II) - will reflect all the statements made in the course of the session on the various items of the agenda.

I. ACTION BY THE TRADE AND DEVELOPMENT BOARD ON SUBSTANTIVE ITEMS OF ITS AGENDA [1]/

A. Preparations for the ninth session of the Conference

(Agenda item 5)

Decision 430 (XLII): Date and venue of the ninth session of the United Nations Conference on Trade and Development [2]/

The Trade and Development Board,

Welcoming with deep appreciation the offer made at its current session by the Government of the Republic of South Africa to host the ninth session of the Conference in Midrand from 27 April to 11 May 1996,

1. Agrees that the ninth session of the United Nations Conference on Trade and Development should take place in Midrand, Gauteng Province, South Africa from 27 April to 11 May 1996, preceded by a one-day Senior Officials Meeting on 26 April 1996;

2. Decides to recommend to the United Nations General Assembly at its fiftieth session that the ninth session of the Conference be convened from 27 April to 11 May 1996 in Midrand, South Africa;

3. Requests the Secretary-General of UNCTAD to make all the necessary arrangements for the Conference.

866th plenary meeting
18 September 1995

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[1]/ For the Board's action on organizational and institutional matters, see section III below.

[2]/ Originally circulated in TD/B/42(1)/L.4.

B. International implications of macro-economic policies and issues concerning interdependence: linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round

(Agenda item 2)

Summing-up by the President of the Board

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board decided to incorporate in its final report the text of the President's summing-up on agenda item 2, which he had prepared on his own authority and in consultation with delegations. The text of the President's summing-up is as follows: [3]/

INTERDEPENDENCE : SUMMING-UP BY THE PRESIDENT

1. The debate on this item was rich and constructive. It addressed a number of general policy issues concerning global interdependence as well as the special topic agreed at the forty-first session of the Trade and Development Board in accordance with paragraph 66 of the Cartagena Commitment,[4]/ using the Trade and Development Report, 1995 [5]/ as background. The debate also included an intensive informal exchange of views with a panel of experts whose views greatly contributed to the understanding of the problems. Given the growing importance and complexity of issues raised by greater interdependence among countries, the brevity of this session was regretted by some delegations as well as the late arrival of the Report and its availability in English only, which made adequate preparation for the discussion at the Board difficult for Governments. Some delegations asked that any future Trade and Development Report should be made available in July.

2. The Trade and Development Report 1995 was commended by delegations for its high standards of analysis and willingness to tackle challenging policy issues from a fresh perspective. While interdependence among unemployment, trade and development was generally recognized, concern was expressed that the 1995 Report devoted too much attention to economic problems in the industrialized countries compared to the issues of trade and development, and problems of economic policy, in developing countries. Several delegations believed that greater attention

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[3]/ The text was circulated to the Board in English only.

[4]/ At its forty-first session the Trade and Development Board agreed that the special topic on interdependence would be "linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round".

[5]/ Trade and Development Report, 1995 (UNCTAD/TDR/15) United Nations Sales No. E.95.II.D.16) and idem, Overview (UNCTAD/TDR/15 (Overview)).

could have been paid to the consequences for developing countries of the conclusion of the Uruguay Round and that the specific labour market problems of developing countries could have been included in the Report's analysis of interdependence and unemployment. It was also noted that the Report's discussion of economic issues did not give equal attention to all regions, and that attention to issues relevant to Africa, in particular, and the transition economies, was minimal. Some delegations provided further analysis and information on the recent developments and policy issues in their countries.

3. There was general optimism over the longer-term prospects for the world economy. The strong growth of exports last year along with the perspectives of further trade liberalization opened by the successful conclusion of the Uruguay Round provided excellent prospects for a more open world economy. Recovery was continuing in the advanced countries without igniting inflationary pressures, the strong growth performance of some developing countries was particularly encouraging and adjustment policies were beginning to bear fruit in some transition economies. However, it was generally acknowledged that short-term economic difficulties in some countries were impinging on growth and recovery during the current year. Some of these difficulties were associated with turbulence on financial markets, but some were the result of specific policy actions. Attention was also drawn to the disparities in economic growth among different regions of the developing world, and particularly to the lack of improvement in the economic situation of least developed countries and the continued difficulties in Africa. The view was expressed that the new opportunities from economic reforms in a globalizing world were too unevenly distributed, and that many countries faced the risk of marginalization. Some delegations also noted that the creation of a truly global economy would require freer movement of natural persons.

4. It was generally agreed that the problem of unemployment in developed countries was a very real one, and one which needed increased attention if the benefits of a more open world economy were not to be called into question or even reversed. However, it was also suggested that the figure of 34 million unemployed in the advanced industrial economies given in the Report, although high by historical standards, was small compared with the number of unemployed and under-employed in developing countries. A number of delegations underlined the differences in the nature and characteristics of unemployment in developing countries. Delegations from economies in transition also pointed to historically high rates of unemployment in their own countries.

5. Although the question of the causes of unemployment in developed countries continued to provoke considerable disagreement, there was broad agreement with the Report's conclusion that the rise of manufactured exports from developing countries was not the cause of labour market problems in developed countries. Moreover, the convergence of views in the Report with the findings of other international organizations, pointing to a mixture of causes on the supply and demand sides, was seen as a welcome development. However, it was also stated that the problem of labour market rigidities merited greater attention than was given in the Report. The importance of exports to developing countries was noted by many delegations as a major source of job creation in developed economies; better commodity price trends, increased development assistance and further debt relief, by enhancing the import capacity of developing countries, would help reduce unemployment in developed countries.

6. Agreement on solutions to unemployment in developed countries was even more difficult to reach than identification of causes. However, it was generally felt that a multiple approach to the problem of unemployment had to be matched on the side of policy-makers. Many delegations from both developed and developing countries expressed the view that international trade was not the cause of the problem, and there was a consensus that a resort to neo-mercantilist, protectionist measures would not only fail to provide a solution, but would also be detrimental to the economic prospects of all countries. It was generally recognized that higher rates of economic growth would make a major contribution to the reduction of unemployment. But delegations from developed countries pointed out that any attempt to accelerate economic growth could not ignore the constraints on rapid expansion. Any new fiscal measures would have to be carefully assessed in light of their credibility with financial markets and any relaxation of monetary policy would be unacceptable if it heightened inflation pressures. They felt that a cautious approach which maintained the existing macro-economic equilibrium was still the desirable course to follow, coupled with a stronger emphasis on supply-side measures such as better training, greater labour mobility and wage flexibility.

7. Concern was expressed by some delegations regarding the adverse effects on neighbouring countries of United Nations economic sanctions on parts of former Yugoslavia, and the UNCTAD secretariat was urged to address the trade-related effects of such decisions in accordance with resolution 48/210 and resolution 49/21A of the General Assembly.

8. Most delegations commented on the rapid expansion of international financial markets in recent years. It was recognized that, while private capital flows to developing countries could make an important contribution to growth and development, many of these inflows were in the form of portfolio investment rather than direct investment in productive capacity, and their distribution among developing countries was uneven, with countries needing capital most being unable to attract them. Furthermore, such flows were highly volatile and unpredictable; at the same time greater financial stability was of crucial importance for both developing countries and the transition economies.

9. There was a widely shared view that other developing countries could draw important lessons from the recent experience of Latin America. The Trade and Development Report's analysis of the financial crisis in Latin America was praised by many delegations, and the conclusion that large swings in the flow of short-term, liquid capital and volatile exchange rates could create problems for macro-economic management in all countries, including developed countries, was generally accepted. The view was expressed that, despite the short-term volatility of the recent private capital flows, these could be more sustainable than the flows of syndicated bank lending in the 1970s, and that the difficulties experienced by some Latin American countries would only be temporary. However, some delegations did not agree with all aspects of the Report's analysis of policy reforms or with its recommendations, and one questioned the figures presented in the Report.

10. There were diverging views as to the causes of financial and currency instability. While some delegations believed that financial liberalization had led to an increase of speculative capital movements, others saw inadequate economic policies and poor fundamentals as the main culprit, in particular

excessive creation of domestic credit, loose fiscal policies and insufficient domestic savings.

11. There was a detailed discussion on how to deal with short-term capital flows. It was broadly agreed that the systemic risk of derivatives markets should be kept under control by improvements in prudential regulation and a strengthening of the legal and institutional framework for such markets. The view was expressed that financial liberalization had to be compatible with the level of development of the countries concerned. Some delegations supported tighter controls on such flows through regional and international cooperation, including the instrumentality of a tax on short-term capital movements, while others expressed the view that such controls would be neither effective nor feasible. Several delegations were of the opinion that sound macroeconomic policies, including fiscal equilibrium and sterilization of inflows, could prevent crises, and that overvalued exchange rates and unsustainable current account deficits must be avoided. The view was also expressed that it was necessary to stabilize exchange and interest rates through greater international cooperation. In general it was felt that further study of the issues was required, including the mechanisms to monitor short-term capital flows and to assist countries affected by sharp swings in private capital flows.

12. A number of developing countries noted that, in view of the problems associated with private capital flows to developing countries, official development finance continued to play a major role. They underlined that external debt was still too high in many developing countries, and that the eligibility criteria for application of the new Naples terms of the Paris Club still excluded too many developing countries from the possibility of renegotiating their debt and from adequate debt relief measures. For the least developed countries debt relief initiatives had proved inadequate and further measures would be needed. They also expressed concern regarding the stagnation of ODA and other forms of official development finance.

C. Other action

Item 3. Specific action related to the particular needs and problems of land-locked developing countries

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board, acting on the recommendations of the Sessional Committee, took note of the progress report by the UNCTAD secretariat entitled "Specific action related to the particular needs and problems of land-locked developing countries" (TD/B/42(1)/14) and of the report of the Second Meeting of Governmental Experts from Developing Land-locked and Transit Developing Countries and Representatives of Donor Countries and Financial and Development Institutions (19-22 May 1995) (TD/B/42(1)/11 - TD/B/LDC/AC.1/7). The Board endorsed the conclusions and recommendations on the Global Framework for Transit Transport Cooperation between Land-locked and Transit Developing Countries and the Donor Community contained in the report of the Second Meeting of Governmental Experts and decided to transmit that report, as well as the progress report by the UNCTAD secretariat and the comments thereon, to the United Nations General Assembly for further appropriate action.

Item 4. UNCTAD's assistance to the Palestinian people

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board, acting on the recommendation of the Sessional Committee, took note of the report by the UNCTAD secretariat entitled "Developments in the economy of the occupied Palestinian territory" (TD/B/42(1)/8), including the proposed programme of technical assistance activities in Part III of the report, and, in accordance with General Assembly resolution 47/445, decided to annex the summary of the discussions under the item to the report of the Board to the General Assembly. [5]/

Item 5. Preparations for the ninth session of the Conference

1. In the course of the 866th meeting of the Trade and Development Board, on 18 September 1995, a teleconference was held between Johannesburg, New York, Addis Ababa and Geneva. The teleconference was addressed by the following personalities:

- Mr. Nelson Mandela, President of the Republic of South Africa (from Johannesburg)
- Mr. Tokyo Sexwale, Premier of Gauteng Province, South Africa (from Geneva)
- Mr. Boutros Boutros Ghali, Secretary-General of the United Nations (from New York)
- Mr. Duri Mohamed, President of the Addis Ababa University on behalf of Mr. Melese Zenawi, Prime Minister of Ethiopia and Chairman of the Organization of African Unity (from Addis Ababa)
- Mr. Rubens Ricupero, Secretary-General of UNCTAD (from New York)
- Mr. Trevor Manual, Minister of Trade and Industry of South Africa (from Johannesburg).

2. In the course of his address, Mr. Tokyo Sexwale formally announced the offer by the Government of the Republic of South Africa to host the ninth session of the United Nations Conference on Trade and Development in Midrand from 27 April to 11 May 1996.

Action by the Board

3. At its 866th meeting, on 18 September 1995, the Trade and Development Board accepted by acclamation the official invitation of the Republic of South Africa

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[5]/ For the summary of the discussions, see annex IV below.

to host the ninth session of the United Nations Conference on Trade and Development and adopted the draft decision on the date and venue of the Conference (TD/B/42(1)/L.4). 7/

4. Statements of appreciation and gratitude to the South African authorities were made by the spokesman for the African Group (Côte d'Ivoire), the spokesman for the Group of 77 and China (Colombia), the representative of Spain on behalf of the European Union, the spokesman for the Latin American and Caribbean Group (Jamaica), and the spokeswoman for Group B (Sweden).

5. At its 867th meeting, on 19 September 1995, the Board took note of the provisional agenda for the ninth session of the Conference, as completed with the customary procedural and administrative items, together with the agreed annotations and the annexed background note by the UNCTAD secretariat (TD/B/42(1)/L.1). 8/

6. At the same meeting, the Board approved the provisional agenda for its eighteenth special session, which is scheduled to meet from 11 to 15 December 1995 in order to prepare for the ninth session of the Conference (TD/B/42(1)/L.3). 9/

7. In connection with the preparatory mechanism for the Conference, the President stated that he would be conducting informal consultations as of mid-October to prepare for the eighteenth special session of the Board. Furthermore, an executive session of the Board would be convened for half a day towards the end of January 1996 to launch formally the substantive preparatory process for UNCTAD IX through the establishment of a Committee of the Whole to be chaired by the President. The Committee would be open-ended and would meet as often as necessary to prepare a pre-conference text and would conclude its work and report to the executive session of the Board which would be resumed in March 1996.

Item 6. Other matters in the field of trade and development

(a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session

At its 867th meeting, on 19 September 1995, the Trade and Development Board took note of the report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session (ITC/AG(XXVIII)/150 and Add. 1), which had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/42(1)/15).

7/ For the decision, see section I.A above, decision 430 (XLII).

8/ For the provisional agenda, agreed annotations and background note, see annex II below.

9/ For the provisional agenda for the eighteenth special session of the Board, see annex III below.

(b) Progressive development of the law of international trade: twenty-eighth annual report of the United Nations Commission on International Trade Law

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board took note of the report of the United Nations Commission on International Trade Law on its twenty-eighth session (A/50/17), which had been circulated to the Board under cover of a note by the UNCTAD secretariat (TD/B/42(1)/16). The Board took note also of the statement made in this connection by the representative of Hungary. [10]/

Item 8: Other business

(a) Membership of the Working Party on the Medium-term Plan and the Programme Budget for 1996 [11]/

At its 868th (closing) meeting, on 20 September 1995, the Trade and Development Board took note of the membership of the Working Party on the Medium-term Plan and the Programme Budget for 1996 as proposed by the regional group coordinators and China. The new membership will be as follows:

Argentina
Bulgaria
Chile
China
India
Indonesia
Italy
Japan
Mexico
Morocco
Nigeria
Norway
Pakistan
Poland
Russian Federation
South Africa
Switzerland
United States of America
United Kingdom of Great Britain and Northern Ireland

(b) Report of the second TRAINFORTRADE Network Development Meeting

At the same meeting, the President informed the Board that the report on the second TRAINFORTRADE Network Development Meeting, held in Grenoble, France, from 27 to 30 June 1995, was available in the meeting room.

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[10]/ For the summary of the statement by Hungary, see section II.B.

[11]/ Item referred for completion to the first part of the forty-second session by the Board at its eleventh (pre-sessional) executive session (5 September 1995).

II. STATEMENTS OF POSITION

A. Closing statements

At the 868th (closing) plenary meeting of the Board, on 20 September 1995, the following regional coordinators and representatives made statements of appreciation and gratitude to the Government of the Republic of South Africa for the generous offer to host the ninth session of the United Nations Conference on Trade and Development, and expressed their support for the summing-up on agenda item 2 made by the President of the Board in his personal capacity: [12]/

- Spokeswoman for the Group of 77 (Colombia)
- Spokeswoman for Group B (Sweden)
- Representative of Spain on behalf of the European Union
- Spokesman for the African Group (Côte d'Ivoire)
- Spokeswoman for the Asian Group (Indonesia)
- Spokesman for the Latin American and Caribbean Group (Brazil)
- Spokesman for Group D (Belarus)
- Representative of Russian Federation
- Representative of China.

B. Statement by the representative of Hungary on agenda item 6 (b)

In connection with the Board's action on the report of the United Nations Commission on International Trade Law (UNCITRAL) on its twenty-eighth session (A/50/17), [13]/ the representative of **Hungary** said that UNCITRAL's activities had a direct relevance to international trade practices. By its very nature UNCITRAL focused on legal texts that were intended to serve either as a model or as binding rules if an international convention were concluded. In the view of his delegation, the processes under way in UNCITRAL should be brought to the attention of the business community. The UNCTAD secretariat could examine the modalities for doing this and endeavour to provide the relevant general information.

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[12]/ Cf. section I.B above.

[13]/ Cf. section I.C above, item 6 (b).

III. PROCEDURAL, INSTITUTIONAL, ORGANIZATIONAL, ADMINISTRATIVE AND RELATED MATTERS

A. Opening of the session

1. The first part of the forty-second session of the Trade and Development Board was opened on 11 September 1995 by Mr. William Rossier (Switzerland), the President of the Board at its forty-second session.

B. Election of officers

(Agenda item 1 (a))

2. At its eleventh (pre-sessional) executive session, on 5 September 1995, the Board had elected by acclamation Mr. William Rossier (Switzerland) to be the President of the Board throughout its forty-second session.

3. At its 862nd (opening) plenary meeting, on 11 September 1995, the Board completed the election of officers to serve on the Bureau of the Board throughout its forty-second session by electing 10 Vice-Presidents and the Rapporteur. Accordingly, the elected Bureau was as follows:

President:	Mr. William Rossier	(Switzerland)
Vice-Presidents:	Mr. Youri Afanassiev	(Russian Federation)
	Mr. Munir Akram	(Pakistan)
	Ms. Kristie Kenney	(United States of America)
	Mr. Antonio E. Marziota Delgado	(Cuba)
	Mr. Shohei Naito	(Japan)
	Mr. Sirous Nasseri	(Islamic Republic of Iran)
	Mr. Javier Paulinich	(Peru)
	Mr. Henri Reynaud	(France)
	Mr. Jacobs S. Selebi	(South Africa)
	Mrs. Appolonie Simbizi	(Burundi)
Rapporteur:	Mr. Jan Piotrowski	(Poland)

C. Adoption of the agenda and organization of the work of the session

(Agenda item 1 (b))

4. At the same meeting, the Board, having noted a minor typographical error in item 2, adopted the provisional agenda for the first part of the forty-second session as circulated in section I of TD/B/42(1)/1. (For the adopted agenda, see annex I).

5. The Board approved the organization of work for the session as outlined in TD/B/42(1)/1/Add.1. The President stated that the reduction of the current session of the Board from two weeks to eight working days and the proposal to establish only one sessional committee were due to the fact that the High-level

Intergovernmental Meeting on the Mid-term Global Review of the Implementation of the Programme of Action for the Least Developed Countries for the 1990s would begin in New York on Monday, 25 September. This was an exceptional measure and did not constitute a precedent for the duration or organization of future sessions of the Board.

6. In accordance with the proposed organization of work, the Board established a Sessional Committee to consider and report on the following agenda items:

Item 3 - Specific action related to the particular needs and problems of land-locked developing countries

Item 4 - UNCTAD's assistance to the Palestinian people.

At its 1st meeting, the Sessional Committee elected the following officers:

Chairman:	Mr. Banmali Prasad Lacoul	(Nepal)
Vice-Chairman-cum-Rapporteur:	Mr. Zafer Baltacioglu	(Turkey)

7. At its 868th (closing) plenary meeting, on 20 September 1995, the Board took note of the report of the Sessional Committee (TD/B/42(1)/SC/L.1 and Add.1) and decided to incorporate it in the final report of the Board on the first part of its forty-second session.

D. Adoption of the report on credentials

(Agenda item 1 (c))

8. At its 868th (closing) meeting, on 20 September 1995, the Board adopted the report submitted by the Bureau on the credentials of representatives attending the first part of the forty-second session (TD/B/42(1)/18).

E. Provisional agenda for the second part of the forty-second session of the Board

(Agenda item 1 (d))

9. At the same meeting, with regard to the provisional agenda for the second part of the forty-second session of the Board, which is scheduled to take place immediately after the ninth session of the Conference, the Board approved the substantive item proposed by the Officer-in-charge of UNCTAD in consultation with the President - i.e. Follow-up to the relevant decisions and recommendations of the ninth session of the Conference - on the understanding that the agenda would be reviewed at the time of the Conference.

F. Provisional agenda for the pre-sessional executive session of the Board (Spring 1996)

(Agenda item 1 (e))

10. At the same meeting, the Board requested the Secretary-General of UNCTAD to draw up the draft provisional agenda for the pre-sessional executive session of the Board (Spring 1996) in the light of developments, nearer to the time of the executive session, and to submit it for approval to the consultative machinery after the Conference.

G. Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board

(Agenda item 7 (a))

11. At its 863rd meeting, on 12 September 1995, the Board took note that there were no new applications from intergovernmental organizations.

H. Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure

(Agenda item 7 (b))

12. Also at its 863rd meeting, the Board approved the applications of two non-governmental organizations and decided, in accordance with the recommendation of the Secretary-General of UNCTAD and of the Bureau, to designate and classify them for the purposes of rule 77 of the rules of procedure and in accordance with paragraph 12 (a) and 12 (b) of Board decisions 43 (VII) as follows:

General category: International Council of Environmental Law (ICEL) (TD/B/42(1)/R.1);

Special category: Fundación Futuro Latinoamericano (FFLA) (TD/B/42(1)/R.2) so that it may participate in the work of the Standing Committee on Commodities, the Ad Hoc Working Group on Trade, Environment and Development and the Ad Hoc Working Group on Trading Opportunities in the New International Trading Context.

13. At the same meeting, the Board noted that the International Savings Banks Institute (ISBI), which had been granted status in the special category by the Board at its thirteenth session, had been dissolved and that the World Savings Banks Institute (WSBI) had taken over its activities. The Board agreed to the recommendation of the Secretary-General of UNCTAD and of the Bureau that, in accordance with its wishes, WSBI be reclassified in the general category.

I. Review of the calendar of meetings

(Agenda item 7 (c))

14. At its 868th (closing) meeting, on 20 September 1995, the Board approved the draft calendar of meetings for the remainder of 1995 and a draft calendar for the first half of 1996 (TD/B/42(1)/CRP.2).

15. The Board noted that, as part of the secretariat's forward planning, tentative meetings slots had been reserved with the United Nations Office at Geneva for the second half of 1996 and for 1997 in order to accommodate future meetings of the intergovernmental machinery as may be decided upon by the Board or the Conference.

J. Administrative and financial implications of the actions of the Board

(Agenda item 7 (d))

16. At the same meeting, the Board noted that there were no additional administrative or financial implications arising from the work of its current session.

K. Adoption of the report of the Board

(Agenda item 9)

17. Also at its closing meeting, the Board adopted the draft report on the first part of its forty-second session (TD/B/42(1)/L.2 and Add.1-3), authorizing the Rapporteur to complete the final report as appropriate and to incorporate any amendments submitted by delegations. The Board further requested the Rapporteur, under the authority of the President, to prepare the Board's report to the United Nations General Assembly.

Annex I

AGENDA FOR THE FIRST PART OF THE FORTY-SECOND SESSION OF THE TRADE AND DEVELOPMENT BOARD */

1. Procedural matters:

   (a) Election of officers

   (b) Adoption of the agenda and organization of the work of the session

   (c) Adoption of the report on credentials

   (d) Provisional agenda for the second part of the forty-second session of the Board

   (e) Provisional agenda for the pre-sessional executive session of the Board (Spring 1996)

2. International implications of macro-economic policies and issues concerning interdependence: linkages between global financial and trade flows, development, and levels of economic activity and employment, and the future implications following the Uruguay Round

3. Specific action related to the particular needs and problems of land-locked developing countries

4. UNCTAD's assistance to the Palestinian people

5. Preparations for the ninth session of the Conference

6. Other matters in the field of trade and development:

   (a) Report of the Joint Advisory Group on the International Trade Centre UNCTAD/GATT on its twenty-eighth session;

   (b) Progressive development of the law of international trade: twenty-eighth annual report of the United Nations Commission on International Trade Law

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*/ Adopted by the Board at its 862nd (opening) meeting, on 11 September 1995.

(a) Designation of intergovernmental bodies for the purposes of rule 76 of the rules of procedure of the Board;

(b) Designation and classification of non-governmental organizations for the purposes of rule 77 of the rules of procedure of the Board;

(c) Review of the calendar of meetings;

(d) Administrative and financial implications of the actions of the Board

8. Other business

9. Adoption of the report of the Board.

Annex II

PROVISIONAL AGENDA FOR THE NINTH SESSION OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT */

1. Opening of the Conference

2. Election of the President

3. Establishment of sessional bodies

4. Election of Vice-Presidents and the Rapporteur

5. Credentials of representatives to the Conference:

   (a) Appointment of the Credentials Committee

   (b) Report of the Credentials Committee

6. Adoption of the agenda

7. General debate

8. Promoting growth and sustainable development in a globalizing and liberalizing world economy

   Meeting the challenge of maximizing the developmental impact of globalization and liberalization, while minimizing the risks of marginalization and instability. Towards this end, the Conference will deal with the following topics:

   (a) Development policies and strategies in an increasingly interdependent world economy in the 1990s and beyond

      (i) Assessment of the development problematique in the current context

      (ii) Policies and strategies for the future

   (b) Promoting international trade as an instrument for development in the post-Uruguay Round world

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*/ The Board took note of this provisional agenda at its 867th meeting, on 19 September 1995 (cf. section I.C above, item 5, para. 5).

(c) Promoting enterprise development and competitiveness in developing countries and countries in transition

(d) Future work of UNCTAD in accordance with its mandate; institutional implications

9. Other business

10. Adoption of the report of the Conference to the General Assembly.

Agreed annotations to the provisional agenda for UNCTAD IX

Against the background of an assessment of trends in the world economy, in particular those related to the processes of globalization and liberalization, the Conference will consider national and international policy approaches and measures for promoting growth and sustainable development.

Item 8(a) (i)

The Conference will make an assessment of the fundamental trends in the international economic system, notably the growing and deepening interdependence among countries and sectors of the economy, in the light of their consequences for the development process. The Conference will examine in particular the opportunities for growth and development offered by the processes of globalization and liberalization in interlinked areas of trade, technology, money and finance, investment, services, commodities and environment, as well as the risks and potentially negative consequences that might be involved in these processes. The Conference could also examine the new and emerging issues within its competence in the perspective of their implications for trade and development.

Item 8(a) (ii)

The Conference will consider relevant national and international policies and strategies which are needed to enable developing countries to take full advantage of the opportunities for growth and development offered by the new global context while minimizing the risks of new imbalances and instabilities, including in international financial markets, and the potential marginalization of the least developed countries and other weaker economies. In this context the Conference will take into consideration the relevant problems of interested economies in transition. The Conference would also consider appropriate international support measures for enabling the least developed countries to participate more effectively in the globalization and liberalization processes, while taking into account the outcome of the Mid-term Global Review on the Implementation of the Programme of Action for the Least Developed Countries in the 1990s. Similar measures could also be considered for low-income countries and other structurally weaker economies such as those in Africa, with the aim of improving economic conditions through raising income levels and export earnings.

In this connection, the objective should be to build consensus on the elements of development cooperation and appropriate development policy approaches and strategies, both at relevant national and international levels, required for the future. In that context, the Conference should also pay attention, *inter alia*, to issues related to the problems of unemployment, poverty alleviation and sustainable development; policies to expand and consolidate progress in access to markets; the role of government as well as the public and private sectors in the development process; resource flows and external debt. The Conference would also address new approaches to South-South economic cooperation, as well as the role and potential impact on development of regional economic groupings in the globalizing and liberalizing world economy.

Item 8(b)

The Conference should focus on the consideration of concrete policies, measures and actions, both at relevant national and international levels, needed to promote the integration of developing countries, in particular the least developed countries, into the international trading system. The Conference would consider relevant national and international measures to facilitate the integration of interested economies in transition into the international trading sytem. In particular, the Conference should cover the following areas: the impact of the Uruguay Round Agreements on development; measures to assist developing countries to benefit fully from trading opportunities arising from the Round while making proposals for translating into concrete action the commitments made at the Ministerial Meeting in Marrakesh regarding the least developed countries and net food-importing countries; promoting complementarity between UNCTAD and WTO with a view to addressing trade-related development concerns of the developing countries; the evolution of the generalized system of preferences; measures for capacity-building in trade efficiency, including access to information technologies; the implications of information technologies for trade; trade and environment; the interrelationship between trade and competition policy; capacity building in developing countries in services and trading opportunities in this sector; reduction of the instability and risks faced by the commodity-export-dependent developing countries; promotion of commodity diversification; and efficient management of natural resources.

Item 8(c)

The Conference will focus on the identification of concrete policies, measures and actions, both at relevant national and international levels, needed to create and promote entrepreneurship and an enabling environment for the development of internationally competitive enterprises, taking into account the promotion of small and medium-size enterprises and their financing. Policy measures will be considered in an integrated manner covering areas such as encouragement of domestic and foreign investment; development of technological capabilities and transfer of technology; privatization and public-sector reform; interrelationship between competition and enterprise development.

Item 8(d)

The Conference will assess the work completed by UNCTAD since its eighth session, as well as the institutional reforms adopted at that session. The Conference will also consider the future role of UNCTAD, including its relationship with other international institutions to generate synergies among them. On the basis of UNCTAD's mandate and with a view to strengthening the United Nations system, the Conference should enable UNCTAD to become a more effective instrument for promoting development and the full integration of the developing countries, in particular the least developed countries, into the world economy and the international trading system. The Conference should take into consideration the need for the integration of the interested economies in transition into the world economy and the international trading system. Taking also into account the outcomes under items 8(a), (b) and (c), the Conference would decide on the work programme implications and on the structures and orientations of the intergovernmental machinery of UNCTAD.

The Conference will also consider, in accordance with the relevant decisions of the General Assembly and the Economic and Social Council, UNCTAD's contribution, within its competence, to the follow-up to the outcomes of major United Nations Conferences, including *inter alia* the World Summit for Social Development.

Annex

Background to the provisional agenda for UNCTAD IX

Note by the UNCTAD secretariat

1. The world economy appears to be fundamentally characterized by two closely linked, but distinct, processes: economic globalization and liberalization. These processes offer great opportunities for growth and development, but also entail risks of instability and marginalization both among and within nations. The challenge for national and international policy is to move in directions that maximize the developmental impact of globalization and liberalization while minimizing the risks of marginalization and instability. This challenge might serve as the basis for the formulation of the agenda of UNCTAD IX.

2. UNCTAD IX would thus consider relevant national and international policies and strategies for promoting growth and sustainable development against the background of a broad assessment of important trends in the world economy, which takes full account of the complex interlinkages among sectors and issues. At the same time, the fact should be recognized that, while a number of problems are common to all developing countries - and indeed, in some cases, to developed countries as well - some countries appear to be in need of special attention in the new context. Thus, particular consideration will have to be given to the problems of the LDCs, which must face globalization and liberalization from a situation of constraint stemming from infrastructural insufficiences, debt overhang, commodity dependence, etc. Similar consideration should also be given to low-income countries and other weaker economies such as those in Africa.

3. The Conference should further aim at identifying concrete policies, measures and actions, at national and international levels, that can make a positive contribution to the goal of allowing developing countries, as well as countries in transition, to profit from the opportunities offered by a globalizing and liberalizing world economy, while minimizing risks and difficulties. This effort could be envisaged in the context of innovative and dynamic formats, with the involvement of the private sector, business, labour, academia, NGOs, local government, etc. Decision-making powers, however, would remain vested in member States. Thematically, consideration of concrete policies, measures and actions could be structured around a small number of basic topics that would stem from, but would however not necessarily exhaust, the wide range of issues covered in the discussions on broad trends in the world economy.

4. Special attention should be given to taking advantage of the opportunities offered by South-South cooperation. In a context characterized by rapid growth and economic dynamism in some developing regions and countries, and growing developing-developed country regional links, significant possibilities for complementarity and cooperation present themselves and should be fully explored.

5. The Conference will also provide an opportunity for member States to assess the institutional reforms adopted at UNCTAD VIII, and to consider the future role of UNCTAD in order to enhance its effectiveness. The Conference would also decide on the future orientation of the work of UNCTAD's intergovernmental bodies.

6. The goals of further strengthening international economic cooperation for development, based on the concept of Partnership for Development as defined in the Cartagena Commitment, and of confidence-building among countries for the promotion of growth and sustainable development, should guide the preparations for the Conference.

7. The Conference will also be guided by the outcomes of the major United Nations Conferences in the field of development that will have taken place since UNCTAD VIII. These include the United Nations Conference on Environment and Development, the International Conference on Population and Development, the World Summit for Social Development, the Fourth World Conference on Women and the United Nations International Symposium on Trade Efficiency. The Conference will also take into account in its deliberations the Report of the Secretary-General of the United Nations on the Agenda for Development and the subsequent intergovernmental debate on this subject.

Annex III

PROVISIONAL AGENDA FOR THE EIGHTEENTH SPECIAL SESSION OF THE TRADE AND DEVELOPMENT BOARD (11 - 15 December 1995) */

1. Procedural matters:

   (a) Adoption of the agenda and organization of work of the session;

   (b) Adoption of the report on credentials

2. Review of the functioning of the intergovernmental machinery of UNCTAD in accordance with the Cartagena Commitment and subsequent relevant decisions of the Board

3. Preparations for the review by the Conference of the lists of States annexed to General Assembly resolution 1995 (XIX)

4. Other business

5. Adoption of the report of the Board.

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*/ As approved by the Board at its 867th meeting, on 19 September 1995 (cf. section I.C above, item 5, para. 6).

Annex IV

DISCUSSION IN THE TRADE AND DEVELOPMENT BOARD ON AGENDA ITEM 4 ON UNCTAD'S ASSISTANCE TO THE PALESTINIAN PEOPLE */

1. For its consideration of this item, the Board had before it the following documentation:

"Developments in the economy of the occupied Palestinian territory: report by the UNCTAD secretariat" (TD/B/42(1)/8).

2. The **Chief of the Special Economic Unit**, in introducing the item, indicated that while legislative mandates continued to guide the work of the secretariat on the issue under consideration, the content and thrust of the work had evolved to take into account new conditions and to enhance its impact. The new policy environment presented a range of opportunities for the revival of the Palestinian economy. Agreements concluded since the signing of the Declaration of Principles constituted the basis for the establishment of appropriate institutional infrastructures with capacities to formulate and implement policies and measures aimed at promoting economic activities in the interim period. Increasing Palestinian-Arab trade and cooperation helped to consolidate the process of integrating the Palestinian economy as a distinct element in regional development efforts. The achievements to date of the Middle East peace process served as the only concrete basis on which to build the Palestinian economy within a framework of peaceful cooperation with Israel and Arab neighbours.

3. Keen international interest in the political and economic developments in the region had prompted vigorous donor involvement to bolster Palestinian economic and social development efforts. However, the progress made towards establishing the institutional and physical infrastructure for the active involvement of the public and private sector in the economy, though notable, fell short of expectations, which appeared to have been overly optimistic. Nevertheless, as the Palestinian Authority and the local economy continued to demonstrate increasing capacities, undisbursed commitments by the international community in 1994 and pledges for 1995 should make a clear contribution towards the revival of the Palestinian economy. He noted that despite the improving policy environment, events on the ground continued to bear heavily on economic performance. Measures introduced by Israel on security grounds, especially the repeated closures of the Gaza Strip and the West Bank, had an adverse impact on the Palestinian economy.

4. The international programme of aid was largely focused on rehabilitation of infrastructures, and the rejuvenation of the economy was generally conceived to be the obligation of the private sector, in terms of both capitalization and management. Accordingly, private investment flows were expected to grow significantly following the Israel-Palestine Accords. Despite some indications of growing interest by Palestinian and Arab investors, the volume of new private investment had been small during the last two years, except for private housing and construction activities. Nevertheless, convinced that the future held

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*/ Included in the report of the Trade and Development Board to the General Assembly in response to the decision taken by the Board at its 868th (closing) meeting, on 20 September 1995 (cf. section I.C above, item 4).

promise, entrepreneurs had begun to prepare the necessary formalities to proceed with investments once conditions were appropriate. For the time being investors appeared to be awaiting the extension of Palestinian authority over the rest of the West Bank. Improvement of the investment climate also called for a range of reforms in macroeconomic and trade policies, as well as upgrading of the proficiency of a range of public and private sector institutions. Moreover, the ability of the economy to absorb substantial amounts of investment was heavily contingent upon major structural reform of the economy.

5. The intersectoral research project, initiated by the UNCTAD secretariat in 1990, had investigated the prospects for sustained development of the Palestinian economy up to the year 2010. The technical analysis, along with policy proposals reflecting a set of priorities at the macroeconomic and sectoral levels, should help in the elaboration of objectives for the rehabilitation and restructuring of the economy with a view to absorbing the surplus labour force, diversifying trade, achieving an adequate rate of growth in income and ensuring its equal distribution among regions. Achieving these necessitated articulation of a reconstruction programme along with appropriate policies, reform of the legal framework affecting the economy, creation of efficient public institutions to regulate and provide support to the private sector, and a programme for improving the productivity of human resources.

6. Following the formulation of the proposed programme of technical cooperation in support of Palestinian trade, finance and related services, consultations had been held with the Palestinian Authority regarding its priorities, scope and orientation of activities and implementation modalities. The programme was designed to contribute towards the realization of six interrelated objectives. A range of activities, carried out through the rendering of advisory services, organization of training programmes and workshops in the field and short-term stationing of experts in critical areas, was envisaged for the achievement of these objectives. Preliminary estimates indicated a total programme budget of around $3.5 million. The proposed programme of technical cooperation activities had been submitted for the approval of Palestine and the Palestinian Authority. It would subsequently be presented to potential bilateral and multilateral sources to seek their contributions. In the meantime, the Palestinian Authority had requested the UNCTAD secretariat, earlier in 1995, to initiate action on an urgent basis regarding some priority issues covered under the proposed programme. Despite resource limitations, the secretariat had been able to field several missions in mid-1995 to extend immediate advisory services to the Palestinian Authority in some of the areas.

7. He concluded by stating that the secretariat was ready to play an effective role in the international programme of assistance to the Palestinian people. It thus looked forward to the Board's guidance and support for its proposed efforts to secure the resources needed for the implementation of the programme of technical cooperation outlined above.

8. The representative of **Egypt** said that deliberations on this item came at an important time, when increasing international cooperation was called for to lay the basis for the Palestinian economy and for peace in the region. The signing between Israel and Palestine of the Declaration of Principles in September 1993, the Cairo Agreement in May 1994 and subsequent accords reflected the parties' spirit of cooperation and their desire for peace, and constituted a basis for a just and comprehensive peace throughout the Middle East. The assumption by the Palestinian Authority of responsibilities in Gaza and Jericho and the commencement of operation of Palestinian institutions in various spheres marked the beginning of progress and stability for the Palestinian people. He

expressed appreciation to the UNCTAD secretariat for the report it had prepared on developments in the economy of the occupied Palestinian territory and for its previous efforts and studies on this important subject. Great efforts had gone into preparing the report and into monitoring rapid recent developments which could bear positively on the Palestinian economy.

9. He noted that the report had revealed the significant gaps that existed in official statistics on Palestinian economic performance, a situation that gave rise to concern. He welcomed the secretariat's proposal to assist the Palestinian Authority in this regard, especially in the area of trade information and statistics, and called on other agencies of the United Nations to extend assistance in their respective fields of competence. He also welcomed the report's account of the positive developments in the Palestinian economy, in particular the existence of a well defined and agreed framework for elaboration of economic policy and the improved conditions for private investment.

10. He reaffirmed his full and continuing support for the Palestinian Authority's efforts to develop the Palestinian economy, and he accorded special significance to cooperation with the Palestinian Authority in the field of institution-building, training and human resource development, as attested to by recent tripartite cooperation with the Government of Japan and the United Nations Development Programme to provide training in Egypt to Palestinians in building and construction skills.

11. Much more remained to be done to help the Palestinian Authority overcome the obstacles it was still facing. Areas on which attention should focus would include the need to reform the legal framework affecting economic activities, support for infrastructural projects that generated new employment opportunities, the needs of the private sector with respect to access to modern market and related information networks, the negative impact of closures of the occupied territory - a policy measure which should not be resorted to, and the problem of high unemployment and the need to give priority to projects which provided productive job opportunities. He called for stepped-up efforts to resolve these and other problems which hampered Palestinian economic development, pointing to the importance of removing all obstacles to the smooth flow of aid for Palestinian reconstruction pledged by the international donor community in October 1993.

12. In concluding, he expressed his full support for the programme of technical assistance prepared by the UNCTAD secretariat in coordination with the Palestinian Authority, which reflected needs in the areas of trade, finance and transport, and he called for the provision of the necessary funds to implement the programme.

13. The representative of **Norway** said that in recent years member countries had become highly aware of and interested in UNCTAD's assistance to the Palestinian people. It was important that the Middle East peace process be supported by the international community, and UNCTAD had proven its relevance in this respect. It was essential that UNCTAD's contribution serve two purposes: assisting in consolidating the peace process; and ensuring long-term sustainable social and economic development in the region. Such a dual approach was essential, as both components were interdependent. It was also crucial for international assistance to the Palestinian people to be properly coordinated so as to ensure optimal utilization of scarce resources and avoid duplication of efforts. The United Nations Special Coordinator in the occuppied Palestinian territory was well equipped for this task.

14. Referring to UNCTAD's programme of technical cooperation activities in support of the Palestinian economy, he noted activities aimed at promoting the role of the private sector in the Palestinian economy. The World Bank and IMF were already engaged in some of these areas. Similarly, in areas such as the management of financial flows, tariff regimes and customs administration, both the Palestinian and Israeli authorities had developed cooperation with the World Bank and IMF. As regards the development of a commercial sea port in Gaza Strip, a number of countries were also involved. When UNCTAD embarked upon the implementation of related activities under its own programme, it was crucial that these be complementary to those of other agencies and coordinated through UNSCO. His delegation was pleased to note that the UNCTAD secretariat had intensified its cooperation with UNSCO, and in its dialogue with the latter, the UNCTAD secretariat could elaborate a clear set of priorities for its assistance to the Palestinian people, concentrating on activities within its mandate and where it had comparative advantage. Such cooperation and coordination with agencies like the World Bank and IMF would enhance the impact of UNCTAD's contribution and relevance to the efforts of the Palestinian Authority. It was in fact a challenge for UNCTAD, both in the field and in general, to ensure that its high-quality analysis and assessments were used by local authorities.

15. The representative of **Israel** said that the Trade and Development Board was addressing this topic for the second time since the signing and implementation of the Declaration of Principles and the Agreement on the Gaza Strip and Jericho Area. Negotiations on extending self-governing arrangements were nearly complete, and all the problems connected with this agreement were almost resolved. He was optimistic that the completed agreement would be signed in the coming weeks, after which the next phase of Palestinian elections and redeployment of Israeli forces would begin. Meanwhile, almost all spheres of authority had been transferred to the Palestinian Authority under the terms of the early empowerment agreement.

16. The Palestinian Authority now exercised full powers in Gaza and Jericho, and it had taken major steps, with the assistance of the international community, to commence building the economy of those areas. Israel had made both funds and expertise available to the Palestinian Authority and attached the utmost importance to the success of the Palestinians in developing their economy. The financing of this development would be provided by assistance given or promised by donor countries, following their pledges made in October 1993 of $2.4 billion to be contributed over the period 1994-1998. Considerable contributions had been pledged by a number of countries, including Israel. He noted, however, that two years of the five-year period had already passed, and as could be seen from the figures for actual disbursements to date, the great bulk of the sum initially promised had not yet been forthcoming. He hoped that the urgently needed sums would be made available as soon as possible.

17. For its part, Israel had taken tangible steps to facilitate the development of the Palestinian economy, notwithstanding the border closures that Israel had been compelled to impose for short periods owing to terrorist attacks. Israel and the Palestinian Authority had agreed that five industrial parks should be established in the West Bank and Gaza Strip, and intensive planning was underway to bring this to fruition as soon as possible. The establishment of these parks would provide a major boost to the economy of the areas. On a more immediate level, steps had been taken to speed the flow of trucks between Gaza and Israel in both directions, as well as at Rafah crossing point and at the Allenby Bridge. The Joint Economic Committee established under the Oslo Agreement continued to be active. At its most recent meeting, a wide-ranging discussion had been held

on the Palestinian economy, including exports from Gaza to the West Bank, Egypt, Jordan and Israel.

18. At the international level, efforts were continuing. An IMF team would soon be preparing a Palestinian budgetary forecast for 1996; the World Bank had started preparing a survey of the public investment structure and its requirements; a joint World Bank-IMF-Palestinian-Israeli team of experts would be carrying out a general survey of the economic situation in the territories, with special attention to four major sectors; and the World Bank had been asked to prepare proposals for the funding of major infrastructural projects.

19. The most visible signs of economic development in Gaza were the massive building projects, which had led to a marked increase in the number of employed persons. However, since much of this was the result of transitory projects, it would be necessary to take additional steps to stimulate the private sector. The present transitional phase should last long enough to allow for the resolution of the long-term unemployment problem through steps such as increasing the areas devoted to agriculture and developing service and processing skills for export.

20. He concluded by noting the improved morale in the Gaza area as a result of economic activities. This was only a start, and further progress depended on the continuation of the peace process, the success of which would both affect and be affected by economic progress of the areas.

21. The representative of **Japan** commended the UNCTAD secretariat for its useful report on current developments in the Palestinian economy and for its cooperation aimed at improving the situation. Japan could not over-estimate the importance of the Middle East peace process, and support for the Palestinian people was essential to ensure the success of this historic initiative. The Israel-Palestine Agreement of 13 September 1993 was a significant contribution to the peace process, but the gains realized so far had not been entirely shared by the Palestinian people. It was imperative to transform these gains into actual economic and social development in the West Bank and Gaza Strip which could be clearly recognized by the Palestinian people.

22. With regard to Japan's policy of support for the Palestinian people and the Middle East peace process, the Prime Minister of Japan was currently visiting the region for discussions with the heads of Government of the countries directly involved in the Middle East peace process. In this context, preparations were underway for dispatching personnel to the United Nations Disengagement Observer Force (UNDOF), hopefully in February 1996, and for providing both financial and personnel support to the surveillance group for elections in the Palestinian territory to be held in the near future. These initiatives of the Japanese Government were accompanied by large-scale economic assistance programmes. Immediately after the signing of the Israel-Palestine Accord, Japan had made a commitment to the two-year economic assistance package of US$ 200 million. It had been able to disburse around US$ 150 million, representing the largest disbursement from a single donor. Roughly one-third of this amount was allocated to meeting the running expenses of the Palestinian Authority. Within the framework of the peace process, Japan was also participating particularly in the areas of environment and tourism.

23. All these initiatives derived from the deep commitment of Japan to the peace and development of the region. Judging by the current situation in the West Bank and Gaza Strip, more efforts were needed to put the peace process firmly in place. The Japanese Government was ready to extend further cooperation in

various forms to the Palestinian people in partnership within the international community.

24. The representative of **Spain**, speaking on behalf of the **European Union**, said that the UNCTAD secretariat's report provided a useful analysis of the situation of the Palestinian economy, notably in the fields of private investment and infrastructure. The report provided a realistic account of perspectives for Palestinian economic cooperation with neighbouring countries and of the implementation of international development programmes. However, the presentation of UNCTAD's programme on this subject should be less general and more targeted to technical cooperation. He encouraged continuation of the dialogue between UNCTAD and the United Nations Special Coordinator in the Occupied Territories. He added that UNCTAD IX would further reflect on the future task and role of UNCTAD in assisting the Palestinian people.

25. The European Union had always participated in the development dimension of the Middle East peace process, especially through the five multilateral working groups. It had also adopted its programme of "Joint Action to Support the Middle East Peace Process" in April 1994 and was today the major donor in Gaza and the West Bank. He was pleased to acknowledge that, since the application of the Tripartite Action Plan between Israel, the Palestinian Authority and donors, coordination on aid issues had improved. Assistance to the Palestinian people would continue with the active support of the European Union, with emphasis on technical cooperation and regular assessment through liaison between beneficiaries and donors. The Palestinian Authority should be encouraged to modernize its administration and make it more transparent. This included building a modern statistical system and a competent public administration able to control budgetary expenditures and reduce budget deficits. In conclusion, he affirmed that the European Union would continue to cooperate in favour of a successful conclusion to the Middle East peace process and of economic development in Gaza and the West Bank.

26. The representative of **China** said that during the period under review, the UNCTAD secretariat had made unremitting efforts to assist the Palestinian people to overcome their difficult economic situation. The secretariat had carried out a great deal of work on economic performance in the West Bank and Gaza Strip and in preparing the proposed programme of technical assistance for the benefit of the Palestinian economy. The secretariat had also established close consultations with the Palestinian Authority. These developments were most welcome and worthy of support.

27. Great strides had been made in establishing the Palestinian Authority and in the gradual extension of its powers. This was the result of the long struggle of the Palestinian and Arab peoples and of the wise choice of leaders of Palestine, Israel and Arab States to solve their differences through peaceful methods. These efforts had helped establish the basis for peace. China had always supported the struggle of the Palestinian and Arab peoples to attain their rights, including their national right to self-determination and to achieve peace through negotiations. He concluded by calling on all to support this approach, with the aim of hopefully achieving a full, comprehensive and just peace in the region as a whole.

28. The representative of **Cyprus** said that the Middle East had witnessed historic and encouraging developments towards the achievement of a comprehensive, just and lasting settlement based on the relevant Security Council resolutions. The States of the region were inspired by an ardent desire for lasting peace and the hope that existing problems could be resolved so that the process of economic

development could start. He supported the peace process, which would lead to a new Middle East characterised by new challenges and opportunities, increased cooperation and prosperity for all the peoples of the area.

29. In support of efforts to rebuild the Palestinian autonomous areas, Cyprus had in July 1995 presented an aid package providing, among other things, for reconstruction of two medical centres in Gaza, an extensive scholarship programme for the training of Palestinian personnel in a wide range of fields, as well as consultancy and technical assistance in all those fields. The package also included assistance from the Cyprus Development Bank towards the establishment of a Palestinian investment bank. This gesture had a double symbolism, as it expressed the traditional friendship between the Cyprus and Palestinian peoples and constituted a concrete manifestation of the progress in the peace process and of the need for substantial steps to improve the standard of living of the Palestinian people. In the same spirit, Cyprus had recently joined the multilateral working group on regional economic development, in which it hoped to play a positive role.

30. The representative of the **Arab Labour Organization** said that the secretariat's report exhibited sound analysis and a comprehensive approach with regard to immediate and future economic perspectives in the occupied Palestinian territory. He fully endorsed the observations made by the representative of Egypt and the points raised by the representative of Norway with regard to intensified coordination between international organizations.

31. UNCTAD had spared no effort in providing assistance to the Palestinian people, especially the advisory services recently extended to the Palestinian national authority. These efforts, which involved a new approach focusing on operational aspects in addition to research, analysis and publication of sectoral studies, should be continued and encouraged by the Board, especially at this crucial stage in the struggle of the Palestinian people to establish their independent State, in accordance with their legitimate rights.

32. The report examined the obstacles facing the task of building a Palestinian economy capable of sustained growth. However, it had not mentioned the major factor underlying the sufferings of the Palestinian people, namely the problems of settlements, expropriation of land and water resources. UNCTAD might consider examination of these issues to be within the purview of other agencies, or to be premature. However, without the resolution of these issues in a manner that guaranteed the rights of the Palestinian people, no economic or social development would be successful, much less sustainable. Settlement activities, which had recently been intensified, especially in and around Arab Jerusalem, and violent acts carried out by Israeli settlers served to cut the ties that bound the Palestinian people to their land and deprive them of the chance to survive and to exercise their sovereignty and authority. The Palestinian people must regain their basic rights, especially self-determination.

33. The secretariat's report had correctly highlighted the serious problem of unemployment, which had spread in the occupied Palestinian territory. It was ironic that the social, economic and labour situation of the Palestinian people had actually deteriorated in the past two years since the signing of the peace accords. The repeated closure of the occupied territory was not for security reasons in the strict sense, but rather constituted a rigorous application of the internationally prohibited measure of collective punishment. The repetition of this absurd measure had caused innumerable problems affecting all aspects of Palestinians' daily life, unemployment had risen to between 38 and 55 per cent and the Palestinian economy had lost some $600 million, a sum which was

equivalent to the total international aid pledged for 1995. He hoped that Israel would not resort to this measure of collective punishment again. Meanwhile, the Arab Labour Organization was following closely the problem of unemployment and related developments affecting Palestinian workers with the International Labour Organization, the competent forum for treating these issues.

34. He concluded by calling for coordinated international action to support and complement the efforts of the nascent Palestinian national authority to revive the Palestinian economy which had been weakened by the legacy of problems caused by occupation. The Palestinian economy could regain its vitality through an end to Israeli occupation and settlement, and through its integration within the Arab regional economy in line with its natural, human, economic, historic and cultural complementarities.

35. The representative of **Israel** said he regretted the tone of some references in the statement of the Arab Labour Organization which were anachronistic and reminiscent of times past. They were inappropriate at a time when peace negotiations were taking place. As regards the reference made to violence, since the Oslo agreement over 100 Israelis had been killed in terrorist actions carried out by Arab opponents of the peace process. Israel regretted the occasional measures such as the closure of territories as much as anyone, but if the representative of the Arab Labour Organization wished such measures to end, then he should address his remarks to organizations such as Hamas and Islamic Jihad so as to discourage them from the kind of activities that they were undertaking. If terrorism were to be brought to an end, the peace process could proceed faster and more effectively and reach the satisfactory conclusion that all would like to see.

36. In his concluding remarks, the **Chief of the Special Economic Unit** expressed his appreciation for the statements made on the item, taking note of the points that had implications for the ongoing and future work of the secretariat on the Palestinian economy. The delegation of Norway had referred to UNCTAD's programme of technical cooperation and the need for coordination with other agencies. In that connection, he reiterated that the programme of technical cooperation activities in support of Palestinian trade, finance and investment, shipping and multimodal transport was based on the outcome of the major intersectoral research and investigation project which the secretariat had initiated following its approval by the General Assembly. The project, which entailed the preparation of in-depth studies on almost 25 economic and social sectors, was being carried out in close consultation with the agencies of the United Nations system.

37. Although the World Bank and IMF had declined to be associated with the intersectoral project, the numerous sectoral studies issued under the project had also been made available to them as early as 1992. This included the quantitative framework prepared by the UNCTAD secretariat investigating development prospects for the Palestinian economy up to the year 2010, which had been supplied to the World Bank following its designation by the sponsors of the Middle East Peace Conference in Madrid to investigate prospects for regional economic cooperation. As for the programme of technical cooperation, there were certainly a number of activities which would be of interest to other agencies of the United Nations system. These would be closely coordinated with similar efforts of these agencies as and when the programme was unfolded for implementation. To this effect, the programme would be brought to the attention of all bilateral and multilateral sources upon its approval by the Palestinian Authority.

38. As regards coordination, the UNCTAD secretariat had strived from the outset of its work on the Palestinian economy towards the establishment of a central mechanism within the United Nations system to coordinate the efforts of all those concerned. It had welcomed the decision of the Secretary-General of the United Nations to designate a Special Coordinator in the occupied Palestinian territory, and immediate measures had been taken to cooperate with the Special Coordinator and extend assistance towards the establishment of a mechanism to ensure coordination of United Nations activities in the Palestinian territory, and this cooperative arrangement would be further developed. The secretariat expected this to ensure coordination not only with the agencies of the United Nations system active in the Palestinian territory but also with the relevant institutions of the Palestinian Authority itself. In conclusion, he reaffirmed the secretariat's intention to further elaborate the issue of developing Palestinian foreign trade statistics in its proposed programme of technical assistance, in light of its importance to the Palestinian Authority and concerned parties and international organizations.

Action by the Sessional Committee

39. At its third meeting, on 14 September 1995, the Sessional Committee took note of the report by the secretariat (TD/B/42(1)/8), including the proposed programme of technical assistance activities in Part III of the report, and, in accordance with General Assembly resolution 47/445, decided to annex a summary of the discussions under the item to the report of the Board to the General Assembly.

Annex V

MEMBERSHIP AND ATTENDANCE */

1. The following States members of UNCTAD, members of the Board, were represented at the session:

Afghanistan
Albania
Algeria
Argentina
Australia
Austria
Bahrain
Bangladesh
Belarus
Belgium
Bhutan
Bolivia
Brazil
Bulgaria
Burundi
Cameroon
Canada
Chile
China
Colombia
Costa Rica
Côte d' Ivoire
Cuba
Cyprus
Czech Republic
Democratic People's Republic of Korea
Denmark
Dominican Republic
Ecuador
Egypt
El Salvador
Ethiopia
Finland
France
Germany
Greece
Honduras
Hungary
India
Indonesia
Iran (Islamic Republic of)
Iraq
Ireland
Israel
Italy
Jamaica
Japan
Jordan
Kenya
Lebanon
Liberia
Libyan Arab Jamahiriya
Luxembourg
Madagascar
Malaysia
Malta
Mauritius
Mexico
Mongolia
Morocco
Myanmar
Nepal
Netherlands
New Zealand
Nigeria
Norway
Oman
Pakistan
Panama
Peru
Philippines
Poland
Portugal
Qatar
Republic of Korea
Romania
Russian Federation
Saudi Arabia
Senegal
Slovakia
South Africa
Spain
Sri Lanka
Sudan

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*/ For the list of participants, see TD/B/42(1)/INF.3.

Sweden
Switzerland
Syrian Arab Republic
Thailand
The Former Yugoslav Republic of Macedonia
Togo
Trinidad and Tobago
Tunisia
Turkey
Uganda
Ukraine
United Kingdom of Great Britain and Northern Ireland
United Republic of Tanzania
United States of America
Uruguay
Venezuela
Viet Nam
Yemen
Zambia
Zimbabwe

2. The following members of UNCTAD, not members of the Board, were represented as observers at the session:

Holy See
Latvia
Lithuania

3. The Joint Inspection Unit was represented at the session.

The International Trade Centre UNCTAD/GATT was also represented at the session.

4. The following specialized and related agencies were represented at the session:

Food and Agriculture Organization of the United Nations
United Nations Educational, Scientific and Cultural Organization
International Monetary Fund
World Meteorological Organization
World Intellectual Property Organization
United Nations Industrial Development Organization
World Trade Organization

5. The following intergovernmental organizations were represented at the session:

Arab Labour Organization
Caribbean Community
European Community
International Textiles and Clothing Bureau
League of Arab States
Organization of African Unity

6. The following non-governmental organizations were represented at the session:

General Category

Friends World Committee for Consultation (Quakers)
International Chamber of Commerce
International Confederation of Free Trade Unions
Third World Network
World Federation of United Nations Associations

Special Category

Consumers International

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